

Late Backup



MINORITY CONTRACTORS TRADE ASSOCIATION ALLIANCE

**Concerns Regarding Item#2 – Proposed Interlocal
Agreement with UT Professional Development Center**

**November 1, 2012
Austin City Council Meeting**

Construction Industry Data Greater Austin Area

QWI Quick Facts	Austin-Round Rock, TX (Q3)	Austin-Round Rock, TX (Avg:Selected + 3 Prior qtrs)	Texas (Q3)	Texas (Avg:Selected + 3 Prior qtrs)
Total_Employment	40,580	40,733	582,294	573,343
Net_Job_Flows	74	-238	1,841	3,199
Job_Creation	2,784	2,487	47,299	43,549
New_Hires	7,084	6,187	135,821	115,729
Separations	7,909	7,343	149,925	129,803
Turnover	10.20%	9.70%	12.10%	11.20%
Avg_Monthly_Earnings	\$4,311.00	\$4,258.75	\$4,534.00	\$4,447.50
Avg_New_Hire_Earnings	\$3,277.00	\$3,166.25	\$3,645.00	\$3,439.00

Source: U.S. Census Bureau, Center for Economic Studies, 3rd Qtr
2011 Data | [Last revised September 19, 2012](#)

Austin leads nation in small-business vitality rankings

Austin is the U.S. market that is most conducive to the creation and development of small businesses, according to the latest On Numbers rankings. **40,000 small businesses in Austin***

***At least 50% are Minority & Women-owned businesses**

2011 rank 1

2010 rank 1

2009 rank 4

Metropolitan area: Austin

Source: Business Journals Ranking, June 2011

Austin emerged as the clear leader, thanks to its outstanding records in three statistical categories that have a direct impact on small-business activity:

- Population: The Austin area added 286,000 residents between 2004 and 2009, an increase of 20.2 percent. The only metro to grow faster was Raleigh at 22.8 percent.
- Employment: Austin's job base expanded by 9.3 percent between 2005 and 2010, the third-fastest upswing in the nation.
- Small-business growth: The number of small businesses grew by 1.5 percent in Austin between 2007 and 2008, the latest period covered by official statistics. No other market did better than 0.6 percent.

Minority and Women-Owned Businesses National Data/Profile

Hispanic-Owned Businesses

30.0 percent of Hispanic-owned businesses were in construction, repair and maintenance, and personal and laundry services.

Black-Owned Businesses

37.6 percent of black-owned businesses were in health care and social assistance, repair and maintenance, and personal and laundry services.

Asian-Owned Businesses

32.3 percent of Asian-owned businesses were in repair and maintenance; personal and laundry services; and professional, scientific and technical services.

Women-Owned Businesses

31.9 percent of women-owned businesses were in repair and maintenance, personal and laundry services, and health care and social assistance.

Source: Census Bureau Reports **Minority Business Ownership Increasing at More Than Twice the National Rate**, July 2010 (45.6% vs. 20.1%)

Total Number of Certified Minority and Women-Owned Businesses, City of Austin

- 1,008 certified MBEs/WBEs
- Nearly **50%** are construction related small businesses

Source: City of Austin, SMBR

COA MBE/WBE GOALS *Last Disparity Study conducted in 2007-2008

	Construction	Commodities	Prof Svcs	Non-Prof Svcs
African-American	1.70%	0.30%	1.90%	2.50%
Hispanic	9.70%	2.50%	9.00%	9.90%
Native/Asian American	2.30%	0.70%	4.90%	1.70%
MBE	13.70%	3.50%	15.80%	14.10%
WBE	13.80%	6.20%	15.80%	15.00%

COA TOTAL PAYMENTS

FY 09 Ended	Construction	Commodities	Prof Svcs	Non-Prof Svcs	
MBE	12.35%	3.21%	14.71%	6.82%	*RED indicates goals not met
WBE	4.57%	6.26%	4.74%	3.75%	
FY10 Ended	Construction	Commodities	Prof Svcs	Non-Prof Svcs	
MBE	15.08%	3.48%	23.33%	8.06%	*RED indicates goals not met
WBE	5.76%	12.49%	13.67%	10.26%	
FY11 THRU JUNE	Construction	Commodities	Prof Svcs	Non-Prof Svcs	
MBE	14.65%	1.78%	17.15%	10.14%	*RED indicates goals not met
WBE	4.33%	13.40%	9.57%	5.13%	
COA MBE GOALS	13.70%	3.50%	15.80%	14.10%	
COA WBE GOALS	13.80%	6.20%	15.80%	15.00%	

Source: COA – Purchasing Department

COA TOTAL PAYMENTS

COA TOTAL PAYMENTS

	FY Ended 2009	FY 2010	SUBTOTAL	% of All Payments	% Comp w/no avail. & % Non-competitive
Comp w/no availability	\$170,341,630	\$121,889,038	\$292,230,668	19.37%	51.00%
Non-competitive	\$231,101,920	\$245,833,054	\$476,934,974	31.61%	
Comp w/availability	\$361,458,810	\$377,898,910	\$739,357,720	49.01	
		TOTAL	\$1,508,523,362	100%	

	FY Ended 2010	FY2011 thru June	SUBTOTAL	% of All Payments	
Comp w/no availability	\$163,203,305	138,634,470	\$301,837,775	22%	53%
Non-competitive	\$245,833,054	\$165,060,229	\$410,893,283	31.00%	
Comp w/availability	\$336,584,644	\$295,445,370	\$632,030,014	47%	
		TOTAL	\$1,344,761,072	100%	

Source: COA – Purchasing Department

University of Texas/TAMACC
Survey of Texas Hispanic-owned Businesses
August 17, 2012

- According to new research of Hispanic-owned businesses in Texas from the Bureau of Business Research at The University of Texas at Austin. The study provides a fresh look at the challenges these mostly small businesses face.
- The survey is based on the results of a mail survey of 2,811 Texas-based Hispanic businesses with paid employees conducted between July 2011 and August 2012 ***Study included Austin, TX**
- **Most critical challenges for Hispanic-owned businesses in Texas to grow are overcoming a lack of training in management, communication skills and gaining better access to markets.**
- A large percentage of respondents **49 percent — agree that they do not have equal opportunities in the public sector.** *22 percent of respondent firms in survey came from the construction industry

Concerns with the proposed Interlocal Agreement between the University of Texas and the City of Austin

- EGRSO has **negotiated a non-competitive, sole source contract** with the University of Texas via Chapter 791 (proposed 36-month \$783,750 contract)
- Chapter 791 PURPOSE. **The purpose of this chapter is to increase the efficiency and effectiveness of local governments** by authorizing them to contract, to the greatest possible extent, with one another and with agencies of the state.
- EGRSO is proposing to pay hourly rate of **\$916.66 per hour for 3 hour class or \$458.33 per hour for 6 hour class** (171 classes/\$2750 per class)
- The **current City of Austin process** for a department to request an interlocal agreement for services is **subjective and does not include review and authorization by the Purchasing Department and SMBR.**
- The current process **circumvents MBE/WBE Ordinance**

Concerns with the proposed Interlocal Agreement between the University of Texas and the City of Austin

- Services being contracted under the proposed Interlocal Agreement is **not inclusive (i.e. not addressing needs of MBE/WBE construction businesses)**
- **98%** of EGRSO budget coming from Austin Energy
- EGRSO currently funds Greater Chamber and Minority Chambers to **develop organizational capacities and economic development activities.**
- Activities included are designed to **help the chambers grow membership, become a greater resource for doing business in Austin, and gain experience in economic development recruitment efforts.**
- Ongoing **disparity in opportunities & funding for Minority Trade Associations**
- Ongoing **disparity in sources of funding for Minority Trade Associations**
- EGRSO recently suggested pursuit of potential EDA federal grant funding for construction incubator concept (Does not meet immediate needs, need to sustain existing construction firms, why not pursue EDA grant for proposed training classes)

Request of Austin City Council

- Vote **NO** on proposed Interlocal Agreement
- Direct City Manager to **facilitate true comprehensive needs assessment and study on needs of all small businesses**
- Direct City Manager to **develop a fair and equitable funding plan for all small business service providers**